# Regions Financial Corporation 2019 Barclays Americas Select Franchise Conference

John Turner, President and Chief Executive Officer

May 15, 2019

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# Cautionary note on forward-looking statements

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This presentation includes forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. The words "future," "anticipates," "assumes," "intends," "plans," "seeks," "believes," "predicts," "potential," "objectives," "estimates," "expects," "targets," "projects," "outlook," "forecast," "would," "will," "may," "might," "could," "should," "can," and similar expressions often signify forward-looking statements. Forward-looking statements are not based on historical information, but rather are related to future operations, strategies, financial results or other developments. Forward-looking statements are based on management's current expectations as well as certain assumptions and estimates made by, and information available to, management at the time the statements are made. Those statements are based on general assumptions and are subject to various risks, and because they also relate to the future they are likewise subject to inherent uncertainties and other factors that may cause actual results to differ materially from the views, beliefs and projections expressed in such statements. Therefore, Regions cautions you against relying on any of these forward-looking statements. You should not place undue reliance on any forward-looking statements, which speak only as of the date made. Factors or events that could cause Regions' actual results to differ may emerge from time to time, and it is not possible to predict all of them. Regions assumes no obligation to update or revise any forward-looking statements that are made from time to time, either as a result of future developments, new information or otherwise, except as may be required by law. See also the reports filed with the Securities and Exchange Commission, including the discussions under the "Forward-Looking Statements" and "Risk Factors" sections of Regions' Annual Report on Form 10-K for the year ended December 31, 2018 as filed with the Securities and Exchange Commission and available on its website at www.sec.gov.

# Our banking franchise

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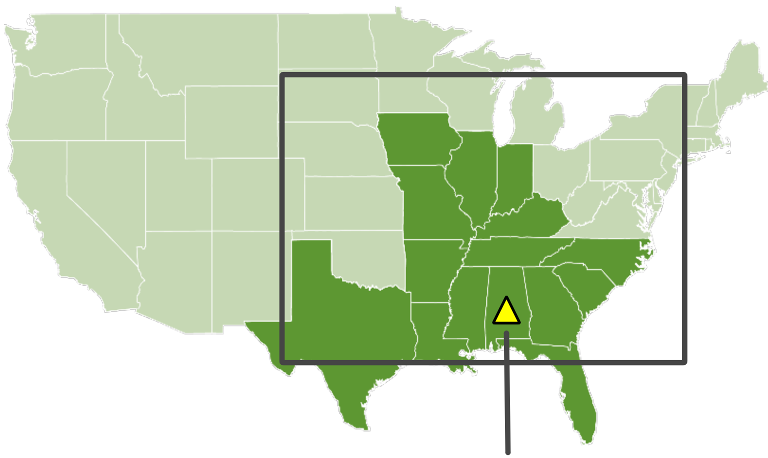
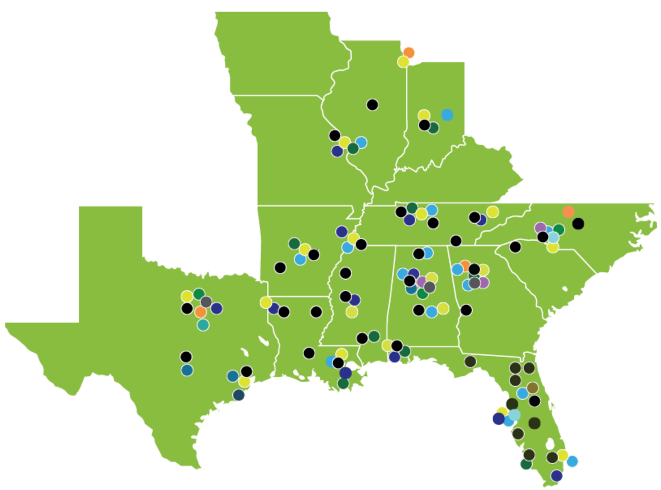


Birmingham, Alabama



Ranked 15th in the U.S. in total deposits[2]

### Line of business coverage

- Corporate Banking
- Business Capital
- Capital Markets
- Equipment Finance
- Government/Institutional
- Specialized Industries
- Institutional Services
- Private Wealth
- Real Estate
- Commercial Banking

### Branch locations by state [1]

| | |
|---|---|
| Alabama – 197 | Louisiana – 95 |
| Arkansas – 72 | Mississippi – 117 |
| Florida – 305 | Missouri – 62 |
| Georgia – 117 | North Carolina – 7 |
| Illinois – 46 | South Carolina – 23 |
| Indiana – 50 | Tennessee – 209 |
| Iowa – 8 | Texas – 81 |
| Kentucky – 10 | |

(1) Full Service branches as of 3/31/2019. (2) Source: SNL Financial as of 6/30/2018; pro-forma for announced M&A transactions as of 4/30/2019.

# Top market share plays a valuable role in the competitive landscape

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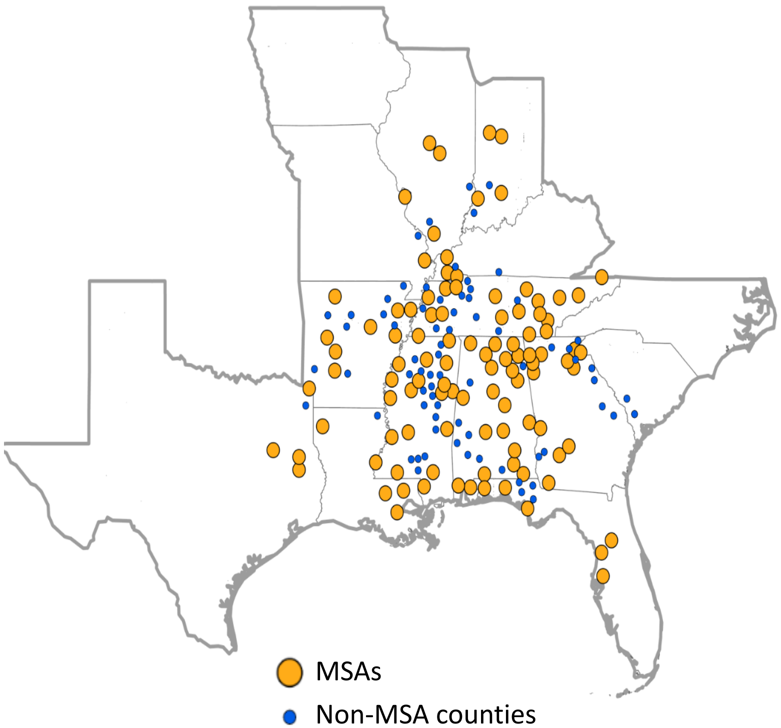
## Markets with top 5 market share(1)




- Ranked 15th in the U.S. in total deposits(1)
- 86% of deposits in 7 states: Alabama, Tennessee, Florida, Louisiana, Mississippi, Georgia, Arkansas
- Top 5 or better market share in ~70% of MSAs across 15-state footprint(1)
- ~70% of deposits in markets without a significant money center bank presence(2)
- Investing in priority markets approaching a top 5 market share
  - St. Louis, Missouri
  - Atlanta, Georgia
  - Orlando, Florida
  - Houston, Texas

(1) Based on MSA and non-MSA counties using FDIC deposit data as of 6/30/2018; pro-forma for announced M&A transactions as of 4/30/2019.
(2) Significant money center bank presence (JPM, BAC, C, WFC) defined as combined market share using 6/30/2018 FDIC deposit data of 20% or more.

# Presence in strong growth markets

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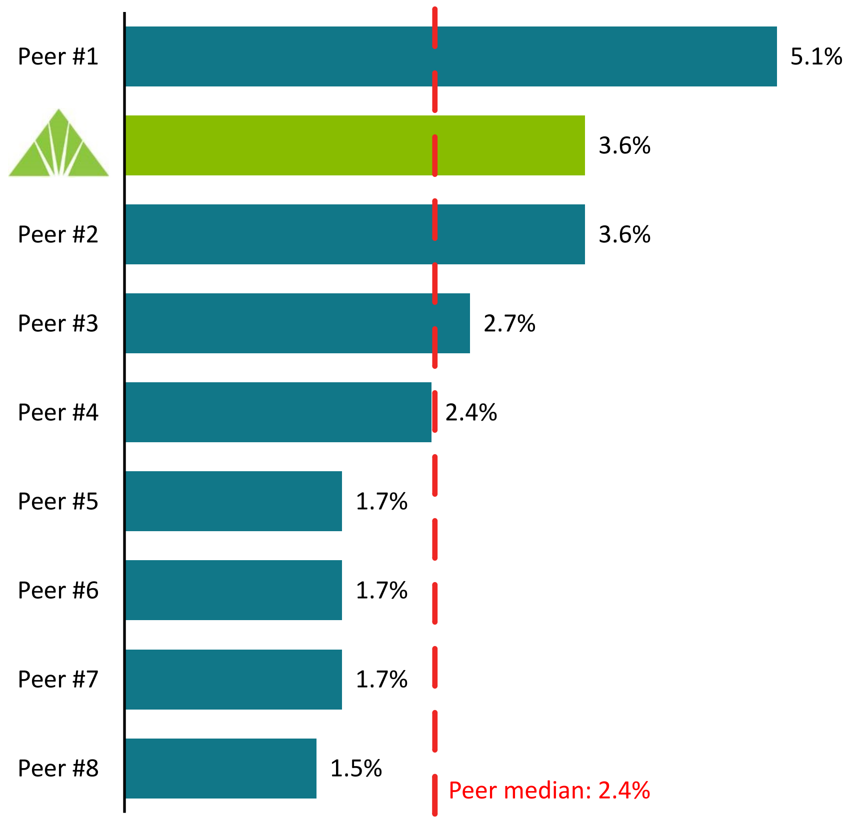
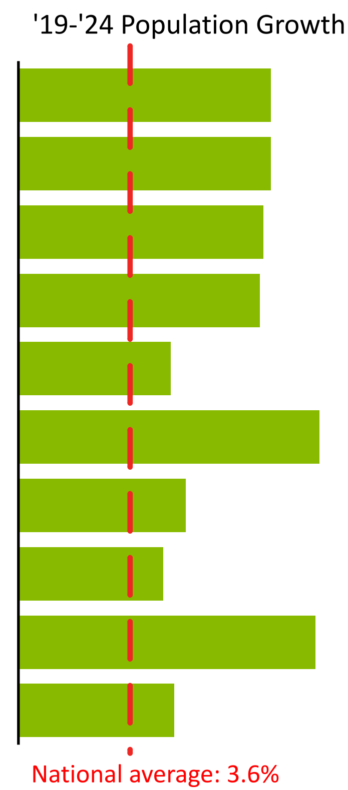
## Population Growth vs. Peers[1] (2019-2024)




*More than 60% of top[2] MSAs are projected to grow faster than the U.S. national average*

| Top MSAs | Deposits | Market Rank[2] |
|---|---|---|
| Nashville, Tennessee | $7.6 | 3 |
| Tampa, Florida | $4.2 | 4 |
| Miami, Florida | $4.1 | 14 |
| Atlanta, Georgia | $3.9 | 7 |
| Knoxville, Tennessee | $2.1 | 3 |
| Orlando, Florida | $1.9 | 5 |
| Huntsville, Alabama | $1.6 | 1 |
| Indianapolis, Indiana | $1.4 | 12 |
| Houston, Texas | $1.3 | 21 |
| Chattanooga, Tennessee | $1.3 | 3 |




(1) Large Regional Peers: BBT/STI (combined), CFG, FITB, HBAN, KEY, MTB, PNC, USB. Deposits weighted by MSA and non-MSA counties - FDIC 6/30/2018.
(2) Source: SNL. Top 30 markets as defined by deposit dollars - FDIC 6/30/2018. Pro-forma for M&A through 4/30/2019.

# Our footprint has significant economic advantages

## Markets

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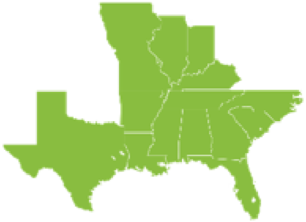
### Jobs

42% of all new jobs created in the US since 2009 were in our footprint

### Population

51% of all U.S. population growth in last 10 years occurred within our footprint

### Footprint

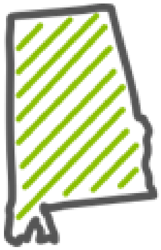


35% of the U.S. GDP generated in our footprint

### Retirees

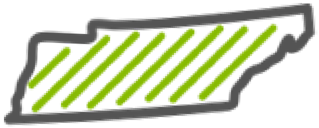
6 of the top 10 states where retirees are moving

### Alabama



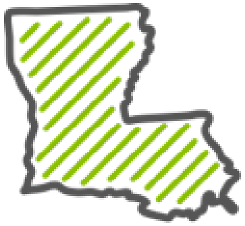
#1 state for manufacturing

### Tennessee



#1 state for foreign job investments

### Louisiana



#1 state for workforce training

### Florida

GDP ranks among the world's largest economies

### Georgia

#1 state for doing business

Note: See appendix for references.

# Deposit advantage
## Expected to continue

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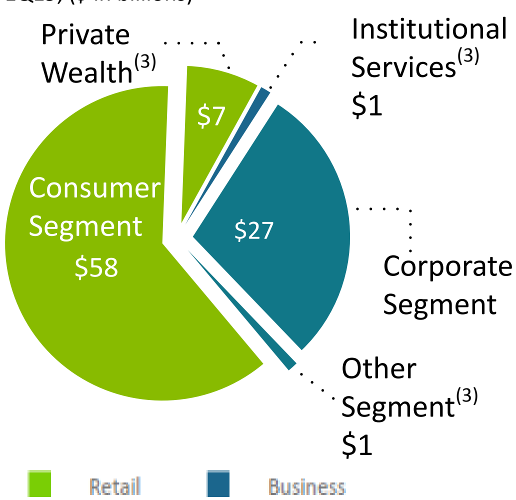
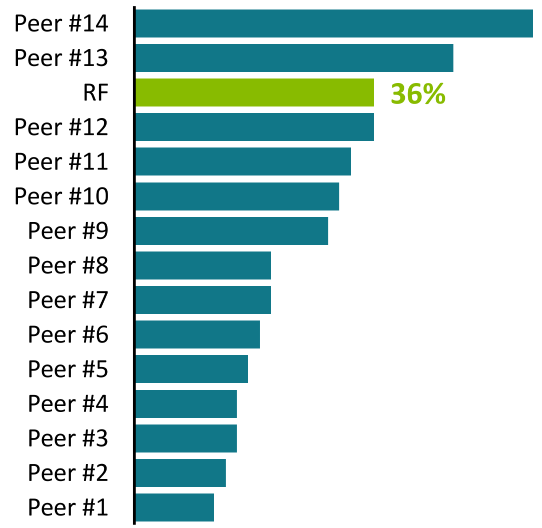
### Average deposits by customer type (Retail vs. Business)

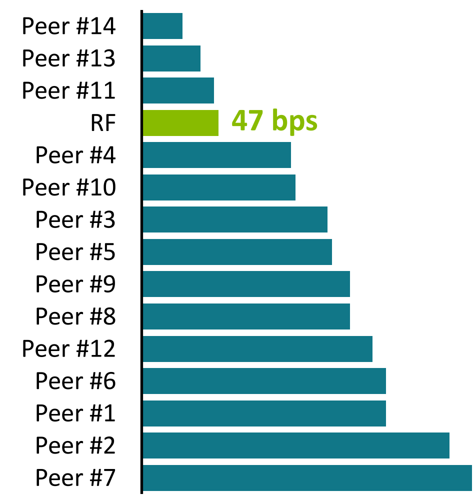
1Q19, ($ in billions)




### NIB deposits to total deposits[1]




### Deposit costs[1]




### Deposit characteristics provide a funding advantage...

- 1Q19 average retail deposits represent 69% of total deposits
- Over 60% of consumer deposits held by customers who have banked at Regions for over 10 years
- Over 90% of consumer checking households include a high quality primary checking account[2]
- Favorable mix of low cost products - 36% non-interest bearing
- Continuous account and relationship growth through new client acquisition, rather than growth in existing account size
- Stronger market share in non-metropolitan markets

...evidenced by 25% cumulative deposit beta versus peer median of 30%; liability yield beta of 26% to date versus peer median of 32%

(1) Source: SNL Financial; peers include BBT, CFG, CMA, FHN, FITB, HBAN, HWC, KEY, MTB, PNC, SNV, STI, USB and ZION. (2) High quality and primary account estimates are based on multiple individual account behaviors and activities (e.g., balances and transaction levels). (3) Private Wealth Management and Institutional Services deposits are combined into the Wealth Management Segment. Total Other segment deposits consist primarily of brokered deposits. A break-out of these components is provided in the Company's quarterly Earnings Supplement.

# Positioned to support NIM profile through 2021

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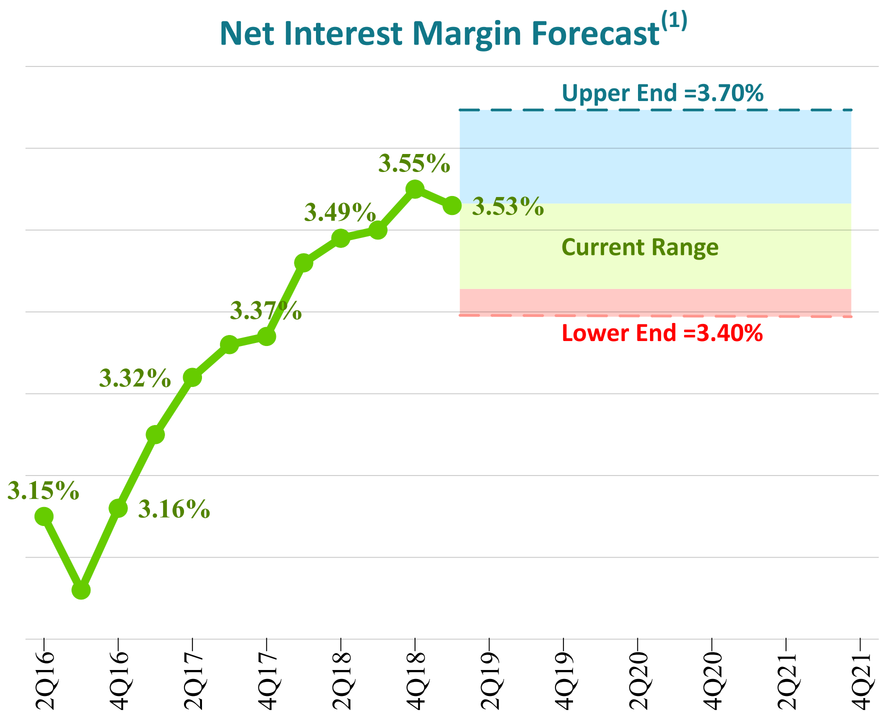


- Under current rates/flat curve, expect relatively stable to modestly lower full-year 2019 NIM compared to the prior year; near-term margin pressure mostly from deposit cost increases, partially offset over the course of 2019 through balance sheet optimization
- Forward starting hedges, core deposit growth, and continued balance sheet optimization to support NIM stability over longer-term

## Assumptions - Upper Range

- Modest GDP growth and stable credit environment
- Increases in market interest rates through 2021
  - Fed Funds between 2.75% and 3.00%
  - 10-year Treasury yields between 2.75% and 3.00%

## Assumptions - Current Range

- Modest GDP growth and stable credit environment
- Stable market interest rates and flat curve through 2021
  - Fed Funds ~2.50%
  - 10-year Treasury yields between 2.40% and 2.70%

## Assumptions - Lower Range

- Typical recession similar in magnitude to post WWII recessions, excluding 2008
- Significant declines in market interest rates
  - Fed Funds revert to near zero policy range
  - Long-end rates decline to historic lows (i.e. 10-year Treasury yields below 1.50%)

(1) See appendix for scenario details supporting forecast assumptions.

# Diversification through comprehensive concentration framework

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## Concentration Risk Framework


### Industry Concentrations

- Risk Appetite driven approach
- Multi-tiered hierarchy
  *9 sectors, 24 industries, 96 sub-industries*
- Dynamic limits tied to capital
- Emerging risk research drives origination strategy

### Geographic Concentrations

- Market scorecards are product specific
  *e.g., Consumer vs. Investor Real Estate*
- Concentration limits at state and metro levels
- Market and product trends drive origination strategies

### Product Concentrations

- Examples: Investor Real Estate, Technology, Defense, Utilities
  *Sub-limits constrain highest risk segments*
- Specialized bankers, underwriters and credit professionals

### Single-Name Concentrations

- Risk-based limits define direct and total exposure
  *Limited hold limit exceptions*
- 1Q19 outstanding balances of top 20 relationships < 12% of TCE
- Large exposures have strong credit profile

# Focus on risk-adjusted returns

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## Capital Optimization

### Mortgage

- Sold ~$1.3B of primarily under-performing loans in recent years

### Indirect

- $4.4B of strategic run-off
  - Third-party originated auto runoff of ~$2.0B starting in 2016
  - Dealer Financial Services auto portfolio runoff of ~$2.4B starting in early 2019

### Corporate/Commercial

- ~$86B of loan exposures have been reviewed in depth by Capital Commitments Working Group since 2016
- Continuous improvements to risk ratings & capital allocation models

### Regions Insurance Group

- Sold in July 2018 resulting in ~$300M of capital redeployed to shareholders

*Regions has made challenging decisions in order to optimize the balance sheet: improving capital allocation by divesting low risk-adjusted return businesses, all while making revenue enhancing investments.*

## Investments

### Mortgage Servicing Rights

- Over the last three years ~$16B in MSR bulk purchases
- Began flow-deal arrangement in 2016, resulting in $1.7B in MSR purchases

### Corporate Banking

- First Sterling, acquired in 2016, a leading national syndicator of investment funds benefiting from Low Income Housing Tax Credits

### Talent and Technology

- Corporate bankers, MLOs, Wealth Advisors
- System enhancements and new technology
- Data and analytics

# Simplify and Grow: a continuous improvement journey

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CONTINUOUS IMPROVEMENT

**Making Banking Easier**
**Revenue Growth**
**Efficiency Improvements**

## Key results

- Reduced staffing by ~1,700 (includes Regions Insurance) since 2017
- Reduced ~1.1M square feet of occupied space since 2017
- Renegotiated 3rd-party contracts saving in excess of $32M since 2017

## 2018 - 2019 YTD successes

- Completed 12 of 46 Simplify and Grow initiatives
- Completed organizational simplification including spans and layers improvements
- 2.0M calls handled by AI virtual banker in the contact center
- 14,451 loan applications submitted online in 1Q19 (112% increase YoY)
- 63% of mortgage applications submitted through Mortgage Portal in 1Q19
- Mortgage Portal has reduced final loan approval by approximately nine days
- 51% of Direct Loans closed through eSign (rolled out December of 2018)
- Average commercial loan production up 26% or $3.1M per Relationship Manager

# Focused technology strategy

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## Customer Experiences

- Mobile-first thinking
- Continued digitization of customer experiences
- Making banking easier

## Innovation

- Continue deployment of AI
- Strategic investments and partnerships
- Talent acquisition
- Develop processes that enable continuous agility

## Delivery Optimization

- Enhancing speed to market
- Utilizing Agile methodology
- Leveraging data and analytics

## Core Capabilities and Infrastructure

- Investing in core as well as new technology investments
- Harnessing the power of the Cloud
- Delivering robust cyber defenses

# Significant spending on new technology initiatives

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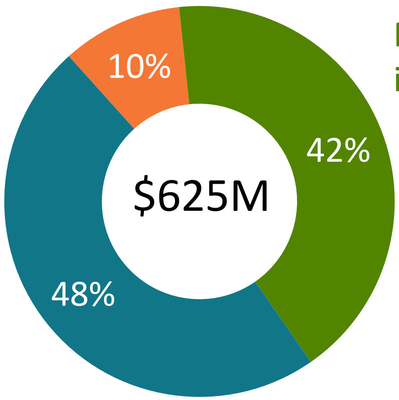
## 2019 technology investment (11% of 2018 revenue)

Cybersecurity & risk management

New technology investments




System maintenance / infrastructure

- Data center
- Network
- User hardware

## Strong technology in place

- Single branch platform
- New SEI wealth platform
- New nCino commercial platform
- Strong online and mobile platforms
- Hadoop data lake
- WorkDay – HR
- SalesForce CRM
- Robust cyber defenses

## Investments continue

- AI and Robotics
- Voice
- Mobile
- Core systems
- Digital
- Data and analytics
- Cyber
- Personalization

## Talented and innovative leadership team

- Broad range of industry experiences from banking, telecommunication, FinTech and start-up companies
- 1,671 dedicated technology professionals - 8% of workforce at year-end 2018

# Prudently managing and optimizing capital

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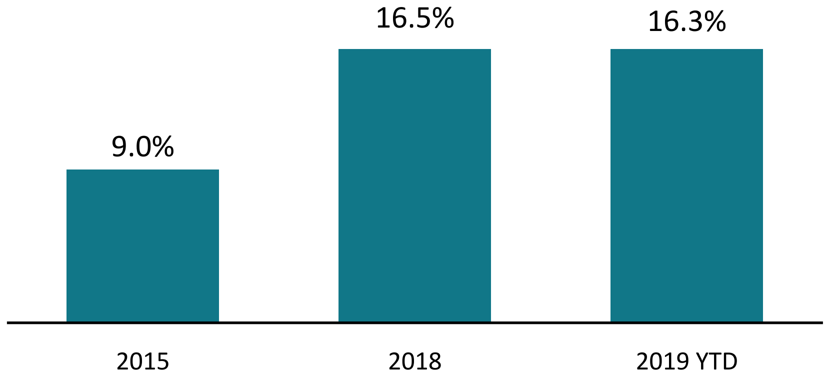
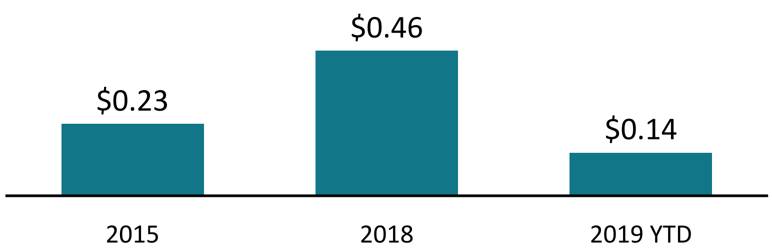
## Adjusted ROATCE(1)




## Dividend per common share




## Capital priorities

- Organic growth
- Dividends
- Strategic investments
- Share repurchases

(1) Non-GAAP; see appendix for return on average tangible common equity (ROATCE) reconciliation.

# Near-term and long-term expectations

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## 2019 Expectations

| Category | FY 2019 Expectations |
|---|---|
| Adjusted average loan growth (from adjusted 2018 of $77,667 million)[1] | Low to mid-single digits |
| Adjusted total revenue growth (from adjusted 2018 of $5,745 million)[1] | 2% - 4% |
| Adjusted non-interest expense (from adjusted 2018 of $3,434 million)[1] | Relatively stable |
| Net charge-offs / average loans | 40 - 50 bps |
| Effective Tax Rate | 20% - 22% |

## Three-Year Expectations (2019-2021)

| Category | Expectations |
|---|---|
| 2021 adjusted return on average tangible common equity[1] | 18% - 20% |
| 2021 adjusted efficiency ratio[1] | <55% |
| Annual net charge-offs / average loans | 40 - 65 bps |

*Expect to generate positive operating leverage each year.*

(1) Non-GAAP, see Current Report on Form 8-K dated February 27, 2019 for reconciliations. The reconciliation with respect to forward-looking non-GAAP measures is expected to be consistent with actual non-GAAP reconciliations included in the attached appendix or previous filings with the SEC.

# Why Regions?

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1 **FOOTPRINT** advantage

2 Valuable **DEPOSIT FRANCHISE**

3 Focus on risk adjusted returns and **PROFITABILITY**

4 **ENHANCED** risk management and governance infrastructure

5 Simplify and Grow underpins **LONG-TERM PERFORMANCE**

# APPENDIX

# Footprint economic advantages source references

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| Fact | Source |
| --- | --- |
| Job Growth | Bureau of Labor Statistics. "Employment, Hours, and Earnings from the Current Employment Statistics Survey." *Databases, Tables & Calculators by Subject*, 18 Feb. 2019, data.bls.gov/timeseries/CES0000000001. Accessed 18 Feb. 2019. |
| Population Growth | Data Access and Dissemination Systems (DADS). "U.S. Census Bureau Population Estimates." *Census.gov*, factfinder.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t#. Accessed 18 Feb. 2019. |
| 6 of top 10 states where retirees are moving in footprint | Smartasset. "Where Are Retirees Moving - 2018 Edition." SmartAsset, 20 Sept. 2018, https://www.smartasset.com/retirement/where-are-retirees-moving-2018-edition. Accessed 14 Feb. 2019. |
| Alabama - #1 state for manufacturing in footprint | Global Trade Staff. "Http://www.globaltrademag.com/site-selection/state-spotlight/best-states-for-manufacturingHttp://www.globaltrademag.com/site-selection/state-spotlight/best-states-for-manufacturing." *Global Trade Magazine*, 10 Aug. 2018, htl.li/LSQT30lo2Nd. |
| Tennessee - #1 state for foreign job investment in footprint | Global Trade Staff. "Http://www.globaltrademag.com/site-selection/state-spotlight/best-states-for-manufacturing." *Global Trade Magazine*, 10 Aug. 2018, htl.li/LSQT30lo2Nd. Accessed 14 Feb. 2019. |
| Louisiana - #1 state for workforce training in footprint | Louisiana Economic Development. "LED Awards & Recognition \| Louisiana Economic Development." LED \| Louisiana Economic Development, https://www.opportunitylouisiana.com/about-led/awards. Accessed 14 Feb. 2019. |
| Georgia - #1 state for doing business in footprint | Geraldine Gambale, Editor, Area Development Magazine, and Steve Kaelble, Staff Editor, Area Development. "2018 Top States for Doing Business: Georgia Ranks #1 Fifth Year in a Row." Area Development, 28 Sept. 2018, www.areadevelopment.com/Top-States-for-Doing- |
| Footprint includes top 10 states for doing business | Geraldine Gambale, Editor, Area Development Magazine, and Steve Kaelble, Staff Editor, Area Development. "2018 Top States for Doing Business: Georgia Ranks #1 Fifth Year in a Row." Area Development, 28 Sept. 2018, www.areadevelopment.com/Top-States-for-Doing- |
| Florida GDP ranks among the world's largest economies | Enterprise Florida. "Florida The Future is Here." Enterprise Florida, www.enterpriseflorida.com/thefutureishere/. Accessed 14 Feb. 2019. |

Note: Source references to "Our footprint has significant economic advantages" slide.

# Forecast model assumptions
(as of April 30, 2019)

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| Upper Range | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Real GDP, annual % change | 2.9% | 2.6% | 1%- 2% | 2%- 3% |
| 10-year U.S. Treasury Yield, average of daily figures | 2.9% | 2.8% | 3.0% | 3.0% |
| Fed Funds Target - Upper End, average of daily figures | 1.9% | 2.5% | 2.8% | 3.0% |

| Stable Yield Curve | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Real GDP, annual % change | 2.9% | 2.3% | 1.5%- 2.5% | 1%- 2% |
| 10-year U.S. Treasury Yield, average of daily figures | 2.9% | 2.6% | 2.5% | 2.5% |
| Fed Funds Target - Upper End, average of daily figures | 1.9% | 2.5% | 2.5% | 2.5% |

| Lower Range | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Real GDP, annual % change | 2.9% | 2.0% | (1)%- 1% | (1)%- 1% |
| 10-year U.S. Treasury Yield, average of daily figures | 2.9% | 2.9% | 1.6% | 2.1% |
| Fed Funds Target - Upper End, average of daily figures | 1.9% | 2.6% | 0.8% | 0.3% |

Note: Forecast model assumption scenario details supporting the net interest margin forecast range through 2021.

# Non-GAAP information

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This document contains non-GAAP financial measures, which exclude certain items management does not consider indicative of the Company's on-going financial performance. Management believes that the exclusion of these items provides a meaningful base for period-to-period comparisons, which management believes will assist investors in analyzing the operating results of the Company and predicting future performance. These non-GAAP financial measures are also used by management to assess the performance of Regions' business. It is possible that the activities related to these adjustments may recur; however, management does not consider these activities to be indications of ongoing operations. Management believes that presentation of these non-GAAP financial measures will permit investors to assess the performance of the Company on the same basis as that applied by management.

Other companies may use similarly titled non-GAAP financial measures that are calculated differently from the way we calculate such measures. Accordingly, our non-GAAP financial measures may not be comparable to similar measures used by other companies. We caution investors not to place undue reliance on such non-GAAP financial measures, but to consider them with the most directly comparable GAAP measures. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for our results reported under GAAP.

The following tables present reconciliations of Regions' non-GAAP measures to the most directly comparable GAAP financial measures.

# Adjusted net income and Return on average tangible common equity

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| *($ amounts in millions)* | | Quarter Ended 3/31/2019 | Year Ended 12/31/2018 | Year Ended 12/31/2015 |
|---|---|---|---|---|
| ADJUSTED RETURN ON AVERAGE TANGIBLE COMMON STOCKHOLDERS' EQUITY | | | | |
| Net income from continuing operations available to common shareholders (GAAP) | A | $ 378 | $ 1,504 | $ 1,007 |
| Total net adjustments to non-interest income[(1)] | | (1) | (9) | (128) |
| Total net adjustments to non-interest expense[(1)] | | 8 | 136 | 153 |
| Provision related to troubled debt restructured loans moved to held-for-sale | | — | (16) | — |
| Income tax adjustment[(2)] | | (2) | (26) | (27) |
| Adjusted net income from continuing operations available to common shareholders (non-GAAP) | B | $ 383 | $ 1,589 | $ 1,005 |
| Average stockholders' equity (GAAP) | | $ 15,192 | $ 15,381 | $ 16,916 |
| Less: Average intangible assets (GAAP) | | 4,940 | 5,010 | 5,099 |
| Average deferred tax liability related to intangibles (GAAP) | | (94) | (97) | (170) |
| Average preferred stock (GAAP) | | 820 | 820 | 848 |
| Average tangible common stockholders' equity (non-GAAP) | C | $ 9,526 | $ 9,648 | $ 11,139 |
| Return on average tangible common stockholders' equity (non-GAAP)[(3)] | A/C | 16.1% | 15.6% | 9.0% |
| Adjusted return on average tangible common stockholders' equity (non-GAAP)[(3)] | B/C | 16.3% | 16.5% | 9.0% |

(1) Refer to non-GAAP reconciliation in Regions' Annual Report on Form 10-K for the year ended December 31, 2018 and Current Report on Form 8-K dated April 18, 2019, as filed with the SEC. (2) Based on income taxes at an approximate 25% incremental rate beginning in 2018, and 38.5% for all prior periods. Tax rates associated with leveraged lease terminations are incrementally higher based on their structure. (3) On a continuing operations basis.

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